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## RURAL FINANCE INITIATIVE (RFI)

Enhancing rural economic development through improved access to financial services.

### OVERVIEW

USAID's Rural Finance Initiative (RFI) promotes rural economic development by increasing micro, small and medium-sized business access to financial services. It provides technical assistance to financial institutions like banks and addresses barriers to financial service access, including lack of information and service costs. In April 2020, RFI expanded its scope of work to also provide financial inclusion services for Colombians in high-priority rural municipalities and for Venezuelan migrants in urban areas. RFI is being implemented from August 2015-June 2022.

RFI seeks to address the impact that decades of internal conflict had on rural communities in Colombia. This conflict caused significant socio-economic inequalities between urban and rural communities and discouraged financial institutions from establishing a presence in rural areas. In turn, this prevented rural and agricultural sectors from accessing financial services, and limited rural families' abilities to fully participate in the economy. By increasing Colombian citizen, Venezuelan migrant and Colombian returnees' access to financial services, RFI is promoting economic growth, reducing poverty, and addressing the inequality which has perpetuated internal conflict and illicit economies in Colombia.

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## **COMPONENTS**

### **IMPROVING RURAL FINANCIAL INTERMEDIATION**

RFI helps financial institutions expand coverage; encourage savings; offer online services; boost financial education; improve portfolio performance; and develop new insurance products for small and medium sized agricultural businesses.

### **REDUCING BARRIERS TO RURAL FINANCIAL SERVICES**

RFI incentivizes financial institutions' innovation and entry into new markets through grants, loan guarantees, and financial institution strengthening.

### **MODERNIZING THE FINANCIAL ENVIRONMENT**

RFI promotes adjustments to Colombia's regulatory framework to further enhance rural financial inclusion and promote innovation in Colombia's financial system.

### **ENHANCING LEARNING, KNOWLEDGE MANAGEMENT, AND COMMUNICATIONS**

RFI develops communication products to document and disseminate information about the importance of financial inclusion and rural financial services.

## **RESULTS**

- Strengthened 14 financial intermediaries' capacities to provide services in rural areas;
- Reached 928,628 new financial clients in 210 target municipalities, 49% of whom were women;
- Established 303 new banking partners and opened 53 bank branches to provide financial services to rural communities;
- Facilitated financial service access for 25,454 Venezuelan migrants, Colombian returnees, and receptor communities, 53% of whom were women;
- Mobilized USD \$1.2 billion in financial services, including USD 3.17 million for migrant communities, through loans, savings, insurance, payments, and transfer access; and
- Formed partnerships with 28 financial and non-financial intermediaries to improve rural financial access, and partnerships with 16 financial and non-financial intermediaries to improve migrant financial inclusion.